

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 STR-04 DODE-00 PM-04

H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /087 W

-----301129Z 050842 /11

R 290854Z APR 77

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 1279

INFO AMEMBASSY NEW DELHI

AMCONSUL KARACHI

AMCONSUL LAHORE

LIMITED OFFICIAL USE ISLAMABAD 4319

E.O. 11652: N/A

TAGS: EFIN, PFOR, PK

SUBJECT: RUPEE-DOLLAR EXCHANGE RATE

REFERECE: A. ISLAMABAD 4278; B. KARACHI 1979 (NOTAL)

1. IN HIS NATIONAL ASSEMBLY SPEECH (REF A), THE PRIME MINISTER ALLEGED THAT THE RUPEE-DOLLAR EXCHANGE RATE HAD GONE TO RS. 6 OR 7 TO THE DOLLAR BECAUSE OF MASSIVE INFUSIONS OF FOREIGN CURRENCY. IN THE CONTEXT OF HIY REMARKS, HE IMPLIED THAT THE USG MAY HAVE BEEN INVOLVED. THE OFFICIAL RATE IS RS. 9.9 EQUALS \$1.00.

2. RUMORS HAD BEEN CIRCULATING SINCE EARLY THIS WEEK TO THE SAME EFFECT, FIRST BY WORD OF MOUTH AND SUBSEQUENTLY IN THE PRESS, APPEARING IN THE GOVERNMENT-CONTROLLED PAKISTAN TIMES ON APRIL 28. CONGEN KARACHI CHECKED WITH ITS BANKING CONTACTS TO SEE IF THERE WAS ANYTHING TO THE STORY. THE SOURCE KARACHI CONSIDERED MOST RELIABLE SAID THAT THE MAJOR, TRADITIONAL BLACK MARKET OPERATORS

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WERE STILL TAKING ORDERS FOR RUPEES AT SLIGHTLY HIGHER THAN RS. 10 TO THE DOLLAR. IF THERE WAS ANY BASIS AT ALL TO THE REPORTED APPRECIATION OF THE RUPEE ON THE UNOFFICIAL MARKET, THIS SOURCE FELT THAT THE MOST LIKELY EXPLANATION WAS THAT SOME PEOPLE-TOURISTS STRANDED WHILE THE BANKS WERE CLOSED OR PAKISTANIS AFRAID OF A MARTIAL LAW CRACKDOWN ON SMALL AMOUNTS OF ILLEGAL DOLLARS--HAD TO

TAKE WHATEVER THEY COULD GET FROM SMALL-TIME MONEY  
CHANGERS FOR THEIR DOLLARS. OUR IMPRESSION HAS ALWAYS  
BEEN THAT THE UNOFFICIAL MARKET IN DOLLARS IS A VERY  
THIN ONE, SINCE THE NORMAL BLACK MARKET PREMIUM IS SO  
SMALL. THIS WOULD MEAN THAT A SMALL INFLUX OF FOREIGN  
EXCHANGE COULD BRING ABOUT DISPROPORTIONATELY LARGE  
TEMPORARY VARIATIONS IN THE UNOFFICIAL MARKET RATE.  
CONSTABLE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DOLLAR, PRESS COMMENTS, FOREIGN EXCHANGE RATES, RUPEE, ALLEGATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 29-Apr-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977ISLAMA04319  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Format:** TEL  
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**Line Count:** 70  
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**Litigation History:**  
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**Message ID:** 56e1cba3-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 ISLAMABAD 4278, 77 KARACHI 1979  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 16-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 2785893  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RUPEE-DOLLAR EXCHANGE RATE  
**TAGS:** EFIN, PFOR, PK  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/56e1cba3-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009